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INTERGOVERNMENTAL NEGOTIATING COMMITTEE FOR
THE ELABORATION OF AN INTERNATIONAL CONVENTION
TO COMBAT DESERTIFICATION IN THOSE COUNTRIES
EXPERIENCING SERIOUS DROUGHT AND/OR
DESERTIFICATION, PARTICULARLY IN AFRICA
Seventh session
Nairobi, 7-18 August 1995
Agenda item 2

# IDENTIFICATION OF AN ORGANIZATION TO HOUSE THE GLOBAL MECHANISM

Note by the Secretariat

1. In paragraph 4 of its resolution on the organization and programme of work for the interim period adopted at the sixth session (document A/AC.241/L.24), the Committee requested the Interim Secretariat to compile information on the identification of an organization to house the Global Mechanism. The present note was prepared in response to that request.

2. Annex I provides the text of a letter sent by the Chairman of the Committee, on 18 January 1995, to the heads of the Global Environment Facility (GEF), the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank to ascertain the interest of these organizations in housing the Global Mechanism to promote actions leading to the mobilization and channelling of substantial financial resources.

3. Annex II provides the text of the responses received from all the organizations mentioned above, except the GEF. The Council of the latter organization decided to examine this matter further at its next session, to be held on 18-20 July 1995. The response of the Chief Executive Officer of the GEF will be circulated as an addendum to the present document as soon as it is received by the Secretariat.

4. At the seventh session, the Committee may wish to give guidance on how to advance this matter further with the organizations interested in housing the Global Mechanism, in preparation for the eighth session.

ANNEX I

Text of letter sent by the Chairman of the INCD to the Heads of GEF, IFAD, UNDP, UNEP and the World Bank

January 18th, 1995

Dear [Mr.] [Ms.]

The United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, was adopted in Paris on June 17, 1994. The Convention was signed in Paris on October 14 and 15, 1994 by a large number of States and one regional economic integration organization. At the present moment, close to 100 countries have signed the Convention and a number of ratification procedures are under way. The Convention enters into force three months after the date of deposit of the fiftieth instrument of ratification.

As you are no doubt aware, the Convention contains an Article on financial mechanisms in general, and in particular a number of dispositions with regard to the establishment of a Global Mechanism to promote actions leading to the mobilization and channelling of substantial financial resources, including for the transfer of technology, on a grant basis, and/or on concessional or other terms, to affected developing country parties. The Conference of the Parties shall identify, at its first session, an organization to host the Global Mechanism.

As Chairman of the Intergovernmental Negotiating Committee, I have been authorized to enter into contact with a small number of institutions, which might be considered appropriate hosts for the Global Mechanism.

In order to enable the Intergovernmental Negotiating Committee to discuss this matter on the basis of satisfactory background information, it would be appreciated if you would - before May 20, 1995 - make a statement on the interest and capacity of your Organization to host the Global Mechanism. An outline of the functions of the Mechanism is formulated in Article 21.5 of the Convention. For your convenience, a copy of Article 21 is attached.

I realize that this request will lead to a certain amount of additional work for your services. Given the importance of the Convention for a large number of affected countries and the innovative character of the article on financial mechanisms, I do hope that it will be possible for you to envisage hosting the Global Mechanism and to that end provide the Intergovernmental Negotiating Committee with the required information. If you have any questions, I would be happy to provide you with further clarification. The Secretariat of the INCD is also at your disposal for any technical background you might need.

Your answer should be addressed to the Secretariat, which will compile the statements received for consideration by the INCD at its session August 7-18, 1995.

Yours sincerely,

Bo KJELLEN
Chairman of the
Intergovernmental
Negotiating Committee

ANNEX II

Responses to the Chairman's letter from the Heads of IFAD, UNDP, UNEP and the World Bank

Letter from Mr. Fawzi Al-Sultan, President, IFAD, and attachment

25 May 1995

Dear Mr. Diallo,

I am writing in regard to the letter of 18 January 1995 from Mr. Bo Kjellen, Chairman of the Intergovernmental Negotiating Committee, inviting the International Fund for Agricultural Development (IFAD) to provide you with a statement of its interest and capacity to host the Global Mechanism for the Convention to Combat Desertification (CCD).

As you are certainly aware, there is a high degree of complementarity between IFAD's mandate, to alleviate rural poverty and improve food security in the developing countries, and the objectives of the CCD. We at IFAD believe that, if it were to be suitably oriented towards a pro-active financial role, the Global Mechanism could be instrumental in enhancing the level and effectiveness of resource flows to fund action programmes in dryland areas.

My staff and I have given very serious consideration to the provisions of the Convention relating to the Global Mechanism, and to how best IFAD could support the parties in its implementation for the benefit of all those most affected by drought and desertification. I am pleased to inform you that, as a result of our deliberations in this regard, it is my considered opinion that IFAD has the capacity to make a concrete, synergic contribution to ensuring the successful implementation of the Convention through hosting the Global Mechanism. As such, IFAD would be interested in carrying forward discussions with INCD and other parties concerned with a view to further exploring the manner in which the Fund could support the Global Mechanism and the nature of responsibilities it could assume in this regard. A brief statement of IFAD's interest and capacity is attached hereto, and I would be pleased to provide any further information which the INCD may require in considering the issue.

In closing, I should make it clear the IFAD's interest in hosting the Global Mechanism is contingent upon both reaching mutual agreement on a more concrete indication of the tasks and modalities concerned and the approval of its Executive Board. To this end, IFAD would be willing to assist in undertaking the preparatory work during the Interim Period, including the detailed formulation of the functions, scope of work and structure of the Mechanism.

Please accept the assurances of my highest regard.

Fawzi Al-Sultan

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)**

**A Statement of Interest and Capacity to Host the Global Mechanism prepared for submission to the Intergovernmental Negotiating Committee for a Convention to Combat Desertification**

## I. INTRODUCTION

1. This note has been prepared in response to an invitation by the Intergovernmental Negotiating Committee for a Convention to Combat Desertification (INCD) to the International Fund for Agricultural Development (IFAD) to consider hosting the Global Mechanism (GM) called for in the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa (CCD). The purpose of this note is to provide the INCD with a preliminary statement of the Fund's interest and capacity to host the Global Mechanism. The Fund will be pleased to provide any further information deemed useful in facilitating the deliberations of the INCD on this issue.

## II. IFAD'S INTEREST TO HOST THE GLOBAL MECHANISM

2. As acknowledged in the preparations for the Convention to Combat Desertification (CCD), IFAD's programme and project experience in dryland areas represents a knowledge resource and an operational basis for action at a time of renewed international commitment to address drought and desertification as global problems with local solutions. In view of the strong convergence between the people-centred approach called for in the Convention and IFAD's own orientation to participatory development at community and household levels, the Fund has been duly recognized by the INCD as an important vehicle for achieving CCD objectives both immediately in the Interim Period and after entry into force of the Convention.

3. IFAD in turn recognizes that the Convention provides an important instrument for enhancing the effectiveness of its efforts to promote sustainable development, alleviate conditions of rural poverty and promote local initiatives in dryland areas. The CCD provides a welcome basis for a coherent framework to facilitate coordination of efforts to address environmental, food security and poverty alleviation dimensions of dryland development. National Action Programmes (NAPs), and their sub-regional complements, are perceived by IFAD as a dynamic and ongoing process of policy, institutional and technological adaptation combined with investment to better address the needs of dryland areas and their populations. In this regard, the Fund considers the GM to be a critically important element for a successful implementation of the Convention, particularly with regard to the two-way linkages between mobilization of resources and effective utilization of these at the local level.

4. In the broader context of its commitment to assisting Parties in the implementation of the Convention, IFAD is confident that its accumulated institutional experience and capacity could be harnessed to enable it to play a dynamic and synergistic role in hosting the Global Mechanism and facilitating its work. The Fund's interest in exploring the nature of its possible support is based on the expectation that the GM will evolve as an effective vehicle for mobilizing additional resources for the poor in dryland areas. Such interest is also contingent upon review by its Executive Board of the implications of IFAD's association with the GM and to this end its endorsement of the role that the Fund should be undertaking.

## III. THE GLOBAL MECHANISM IN PERSPECTIVE

5. Securing finance to combat desertification has long been a difficult challenge that has met with little success in relation to the magnitude of the problem. Experience under the United Nations Plan of Action to Combat Desertification (PACD) has clearly demonstrated the difficulties in mobilizing resources for desertification control, particularly when activities in search of funds were not well integrated within national development imperatives and the livelihood objectives of local populations. There have been some modest successes, notably the efforts of the United Nations Sudano-Sahelian Office (UNSO) which over 15 years was able to mobilize resources in the order of USD 330 million for projects related to desertification, and IFAD's Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA), which was able to mobilize, over the period 1986-1994, more than USD 700 million for programmes and projects that address poverty and environmental degradation in areas prone to desertification and drought. These resource mobilization efforts must be built upon if the interest and commitment signalled at Rio and confirmed with the successful conclusion of negotiations for the Convention are to be translated into meaningful action.

6. Finance for combatting desertification remains a paramount concern. The issues of finance, which were central during negotiations for the Convention, are firmly embodied in the text of the Convention itself and imply major obligations of Parties to the Convention as in Article 20.1, which states *"Given the central importance of financing to the achievement of the objective of the Convention, the Parties, taking into account their capabilities, shall make every effort to ensure that adequate financial resources are available for programmes to combat desertification and mitigate the effects of drought"*.

7. The establishment of a Global Mechanism is the most concrete manifestation in the Convention of the need to enhance financing for desertification. Although it is referred to as a Global Mechanism and not a Global Financial Mechanism, the mechanism is nevertheless about finance - and aspirations for increased finance lie pre-eminently with the GM. The most important role for the GM is therefore that of promoting actions leading to the mobilization and channelling of substantial financial resources, including for the transfer of technology, on a grant basis, and/or on concessional or other terms, to affected developing country Parties (Article 21.4). This role can be interpreted in many ways, ranging from a "high potential" profile, where the GM is proactive and substantially involved in mobilizing finance, to a "low potential" one centred on a clearing-house function.

8. The different "profiles" would consist of the different responses to paras 4 and 5 of Article 21. Under para 4 of Article 21 the differences result from the way in which the phrase "promote actions" is interpreted. A low potential interpretation would be to provide the relevant information on the financing needs of developing countries to potential sources of finance, and on the sources of finance, to the countries in need of such support. Such a role might be substantiated by bringing together those seeking financial assistance with those who may be willing to provide it. A high potential role would also include developing new sources of finance including information and the promotion of special programmes, co-financing arrangements or other types of financing coalitions.

9. The differences between a high and low potential view of the GM can also be seen with regard to the other activities that it should *inter alia* cover (Article 21, para 5):

> (a) Identifies and draws up an inventory of relevant bilateral and multilateral cooperation programmes that are available to implement the Convention.
>
> In implementing this clause a low potential role may focus only on existing programmes directly involved in implementing the Convention. A high potential role would seek to expand the set of programmes in the inventory by discussing with those responsible for their implementation

ways in which their activities could be developed to support the areas covered by the CCD.

(b) Provides advice, on request, to Parties on innovative methods of financing and sources of financial assistance and on improving the coordination of cooperation activities at the national level.

Under a low potential role, the GM would assemble information on different financial mechanisms and sources of finance etc. from existing sources and then wait to be asked before providing it. It would not involve itself in actually generating the funds from the different mechanisms and sources, nor would it take it upon itself to make such methods widely publicized. The high potential role, on the other hand, would seek out new sources and develop innovative mechanisms, along with other agencies involved in this field. It would generate interest in these through publications, meetings, etc., which would lead to requests from the Parties. In providing the advice it would also assist the Parties to mobilize the funds from the different sources;

(c) Provides interested Parties and relevant intergovernmental and non-governmental organizations with information on available sources of funds and on funding patterns in order to facilitate coordination among them.

Here again, a low potential role for the GM would consist of collecting information from existing sources and passing it on to the interested Parties. A high potential role would involve identifying new sources and creating new funding patterns, by bringing together the different Parties aware of the gaps that need filling; and

(d) Reports to the Conferences, beginning at its second ordinary session, on its activities.

This role has to be played equally under both high and low potential profiles.

10. In addition, Article 21.1 instructs Parties to promote the availability of financial mechanisms and encourage these mechanisms to maximize the availability of funding to implement the Convention. It further states the Parties "shall consider for adoption *inter alia* approaches and policies" that relate the increased availability and effectiveness of resource flows, with particular emphasis on channelling these to the local level. Under a high potential scenario, the GM might also be expected to provide analytical functions to assist the Conference of Parties in this task.

11. Given the way the Convention as a whole is written, it is the view of IFAD that the financial role of the GM should be a substantial and proactive one rather than a purely advisory one. There are two principal reasons for this. First, the GM is the only body capable of speaking, on behalf of all Parties to the Convention, to the private sector and to other fora, which have the potential to provide financial resources. Although each developed country signatory undertakes to mobilize resources in support of the Convention, individually it does not have an obligation to provide new and additional resources. If such resources are to be forthcoming, the GM will also have to look at new and innovative mechanisms. Making a case for these will call for formidable knowledge and information about the needs of desertification programmes, and the seriousness of these issues as opposed to other issues seeking funding from the same sources. Only a coordinating body such as the GM will have that knowledge and information. Second, and relatedly, if the GM is actively involved in fund raising, it will be able to direct funding to the areas where the need is greatest (on which question it will be best informed of all the active agencies). This will make a contribution to the more effective use of limited resources.

12. Both the above reasons relate to the coordinating/informational advantages that the GM will have over other agencies in mobilizing resources for the Convention's aims. It is also important to note that the GM has financial

resource mobilization as its unique objective. If all other Parties fail to come up with additional resources, no sanctions can be taken against them. The end result could be that there is no increase in action against desertification because no additional resources are forthcoming. If, on the other hand, the GM is given a mandate to raise funds, it will be judged partly on that score and will be the only agency to be so judged. Limiting its role to advice on resource mobilization would remove the one body that could be held partly accountable for raising resources.

13. The CCD provides a clear indication that the GM would not require a new institution *per se*; rather it should be housed within an existing one. It can be assumed that the incremental capacity to be created should be small, unbureaucratic and dynamic; it is desirable therefore that the GM should be able to build on the capacity of its host for its work. The host therefore should have attributes in terms of mandate, orientation and capacity specifically relevant to the expected work of the GM, in addition to the CCD itself.

## IV. IFAD VIEWS ON A PROFILE FOR THE HOST OF THE GLOBAL MECHANISM

14. The most important role of the GM is to promote a number of financial mechanisms - the plural being accented. The multi-faceted nature of the task means that the terms of reference for the GM will necessarily be complex. Carrying out the activities required to mobilize the resources for the country and regional programmes will require extensive knowledge about desertification, about the needs of the affected countries, and about sources of finance. It will require the capacity to make the case for financial support to national and international organizations, some of whom will expect a sophisticated analysis of the impacts, costs and benefits. The GM, through its host, is the only agency expected to have the extensive information, the relevant analytical and administrative capacity, and the will to undertake these tasks. It is therefore paramount that the GM fulfil this role substantially and proactively.

15. The GM, building on its host's capacity, will also be expected to form links with a large number of institutions and to coordinate its activities with theirs. There are five areas where it will need to be involved and where its impact will be essential. First, it will have to keep abreast of the technical proposals in the NAPs, offer advice on how these proposals might be funded, and what the priorities are. Second, by establishing a sound framework for documenting expenditures on desertification, it will have to lead the effort in providing the wider picture of desertification to all organizations interested in contributing financial resources for this goal. Third, it will have to establish good relations with NGOs, foundations, private sector corporations and capital markets, through which it will promote the case for investment in combatting desertification. Fourth, it will have to liaise closely with the bilateral donors and the international agencies, all of whom are be involved in either financing or providing technical support to programmes against desertification. Fifth, it will have to work with the CSD in developing mechanisms to finance sustainable development in general. In discharging these tasks, the GM will need to draw on its host as much as possible.

16. The host institution must also be able to meet the challenge of appraising projects and programmes in the field of desertification where it will benefit from a well-developed institutional knowledge base and extensive field experience in the area of rural development and dryland management. In particular this includes familiarity with project design, evaluation and finance. It will need this information to link-up the NAPs to the financial resources available and also to establish priorities that can be presented to potential funders of projects. The kinds of projects that will be relevant are often not the large agricultural projects, but the more process-oriented 'bottom-up' development programmes that are being emphasized by the Convention. The design, appraisal etc., of programmes in this field often require collaboration with other institutions. Hence the selected institution to host the GM should have good links and a working relationship with those institutions that provide technical expertise. Moreover, the host institution should have in-deptn knowledge of the modus operandi of IFIs, including the Regional Development Banks and bilateral agencies through operational experience, including co-financing.

17. The GM will be more likely to be successful in its efforts to mobilize additional resources if the host institution has the capacity to act as a catalyst in resource mobilization. This will require a critical mass of significant resources in order to leverage additional external, domestic and local commitments. To be an effective catalyst, the mandate and operational focus of the Host should permit it to allocate substantial resources, both human and financial, to the task of financing activities to combat land degradation and drought in dryland areas. Indeed, the host should perceive the GM and the challenge of financing the CCD as a natural extension of its core business.

18. The host institution should also be in a position to avail itself of country representation. However, the linkages between the GM and operations at the country level should primarily be based on national coordinating bodies or their equivalent. This is especially important in the light of the need to ensure that any capacity and experience gained in coordination and increasing the effectiveness of financial flows should accrue mainly to national entities. For this reason, the Host should have an orientation and track record of working directly through national institutions.

19. Given the wide range of skills and experience required of the institution that will host the GM, it is not surprising that no one organization would fit the bill alone. Consequently, to ensure an adequate institutional coverage for the GM, a coalition of institutions with complementary characteristics and mandates might well be required. Within this coalition, the lead role could be played by an international financing institution with an operational programme tuned to the delivery of resources to local areas. Such an institution should have extensive expertise in programmes relating to: dryland agriculture and natural resource management; the financing needs of projects and programmes that combat desertification; ability and a track record in mobilizing substantial resources, credibility and familiarity with bilateral donors and multilateral agencies that provide technical and financial assistance on desertification; and experience in arranging finance across several sources -- bilateral as well as multilateral, private and public. In particular, it should have experience in combining domestic and external financial sources.

## V. IFAD CHARACTERISTICS AND CAPACITY IN RELATION TO THE GM

20. Within the context of the issues discussed above, IFAD as an International Financing Institution has a number of characteristics and relevant capacity which would enable it to play a key role in hosting the Global Mechanism in collaboration with other interested institutions that have complementary attributes. The combination of these would ensure that the GM in synergy with its host could promote and catalyse resources for CCD implementation, analyse resource flows and patterns to increase their effectiveness and stimulate innovation, and monitor resource flows to drought and desertification-prone areas. A brief overview of the IFAD's relevant institutional assets and potential is provided below.

### *IFAD's Mandate, Scope of Work and Orientation*

21. IFAD, a specialised agency of the United Nations system, was launched in December 1977, as an international financial institution. According to Article 2 of the Agreement Establishing IFAD, the "objectives of the Fund shall be to mobilize additional resources to be made available on concessional terms for agricultural development in developing Member States. In fulfilling this objective the Fund shall provide financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions within the framework of national priorities and strategies, taking into consideration: the need to increase food production in other developing countries; and the importance of improving the nutritional level of the poorest populations in developing countries and the conditions of their lives".

22. The initial resources of the Fund amounted to USD 1.021 billion, and subsequent replenishments total USD 2.157 billion. In line with the Fund's special focus on alleviation of rural poverty in the poorest developing countries, the bulk of its resources are made available on highly concessional terms repayable over 40 years with a grace period of ten years and a 0.75% service charge. The Fund's loan operations are directed to co-financing projects of other institutions as well as whole or part financing of projects from its own pipeline. About two-thirds of its lending is on highly-concessional terms and the remaining third is on intermediate or ordinary terms. The regional share of IFAD-supported projects (1978-1993) is as follows: 164 projects in 44 countries in Africa (41.4%); 100 projects in 17 countries in Asia and the Pacific (25.3%); 69 projects in 28 countries in Latin America and the Caribbean (17.4%); and 63 projects in 14 countries in Near East and North Africa (15.9%). In accordance with the Agreement establishing IFAD, projects supported by the Fund are executed by the borrowing governments themselves.

23. IFAD's vision of how to fulfil its mandate emphasizes the institution's catalytic role in mobilizing resources and knowledge for the eradication of rural poverty and hunger in a strategic, complementary and dynamic coalition of its clients the rural poor, along with Governments, Financial and Development Institutions, NGOs and the Private Sector. IFAD has recently embarked on a process of re-engineering to increase the cost-effectiveness and sustainability of the impact of its operations. Recent strategic directions include: strengthening an explicit orientation to the poor as IFAD clients; ensuring direct delivery of the maximum share of IFAD investment to the ultimate beneficiaries; incorporating replicability as a major criterion in programme identification and design; shortening the design phase of the project cycle to emphasize flexible implementation; and developing strategic linkages with other institutions.

24. IFAD-financed projects and programmes are geared to enhancing food production systems and to strengthening related policies and institutions within the national policy framework. Specific objectives are: food security through increased agricultural production, and improvement of nutritional levels and incomes of the poorest rural populations, the landless, marginal farmers, pastoralists, artisanal fishermen, and indigenous peoples; and, cutting across all categories, poor rural women. In the 17 years of its operations, IFAD has developed specific approaches to fulfilling its overall mandate of rural poverty alleviation and has established a role for itself in financing innovative small-scale interventions that can be replicated on a wider basis. A key ingredient in IFAD projects is the strengthening of rural formal and informal institutions to better manage a transition to sustainable agriculture. Project design has been guided in recent years by the imperative of strengthening rural women's economic role, through support for production activities, training, education, health and nutrition. The Fund has increasingly promoted a process approach to development based on flexible long- term commitment to the needs of local populations. It has adapted its project cycle accordingly while maintaining rigorous standards of appraisal. Moreover, flexible design and the ability to respond to evolving circumstances during project implementation, has led the Fund to strengthen its evaluation function, which is now explicitly geared also to sharing lessons with other institutions.

25. As a result of IFAD's efforts to target the poorest groups, a significant proportion of its projects are sited in marginal areas where the linkages between poverty and environmental degradation are often most acute. In view of this, the Fund has increasingly sought to design projects that address poverty and environmental issues in an integrated manner through community-based resource management approaches. This is reflected in the fact that, over the period 1986-1994, a majority of IFAD-initiated projects have a major environmental rationale in addition to the poverty alleviation objective. In addition, the promotion of a transition over to sustainable agriculture among the rural poor has become an explicit objective of the Fund in the follow-up to the United Nations Conference on Environment and Development (UNCED). IFAD adopted Environmental Principles and Criteria in January 1990. Formal Administrative Procedures for Environmental Assessment, compatible with those of IFAD's major Multilateral Development Bank (MDB) cofinanciers, have also been adopted. Under its grant financed Programme of Natural Resource Management for Rural Poverty Alleviation, IFAD is supporting

countries in the environmental dimension of project preparation. Since 1992, some 25 projects have benefitted from environmental assessments and environment-related pre-investment activities.

*IFAD's Thrust in Combating Desertification and Mitigating Drought*

26. IFAD's first consolidated response to the challenge of desertification was to launch the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA). The first phase was approved by the IFAD Governing Council in 1986, the second phase in 1991. The basic conservation thrust of the SPA lies in the development of systems of land use and management that combine resource conservation, based on traditional methods, with sustained and enhanced income generation. The experience, knowledge and institutional memory generated through SPA projects will be mainstreamed in IFAD's Regular Programme where these will continue to serve the needs of the rural poor in dryland areas and form a substantial basis for IFAD's role in supporting countries to combat poverty and land degradation in the implementation of the Convention in all developing regions.

27. IFAD's experience in combating land degradation has focused on the following issues: the on-farm operations of the farmer in resource use and conservation; community management of common property and currently *de facto* open-access resources; promotion of off-farm and non-farm income-generating activities; household food security; community-level drought and food supply monitoring in the context of smallholder strategies for coping with drought; strengthening the interface between government institutions and the local community; and development of rural financial systems, communications, stockholding, including local-level storage and processing, and marketing.

28. The lessons from the SPA and indeed IFAD's Regular Programme strongly suggest that drought and desertification must be addressed through land management by resource users. IFAD projects in this domain have succeeded because they have sought to address drought and desertification by promoting a transition to more sustainable land use systems, rather than by introducing discrete "anti-desertification" measures in isolation. The starting point for IFAD projects in areas prone to desertification is the needs of the populations who depend on the productivity and resilience of dryland resources for their survival. The Fund has also shifted the focus of drought response from emergency relief to long-term resilience, an approach that extends to new concepts for project design and implementation that focus on flexible approaches for assisting local populations to take initiative.

29. In view of the convergence between Convention provisions and IFAD operations, IFAD expects to play an instrumental role in the implementation of the Convention, both immediately in the context of the Resolution on Urgent Action for Africa and later when the CCD enters into force. Implementation of CCD objectives in the Interim Period is already explicit in IFAD's lending programme strategy, as outlined in the Fund's Programme of Work and Budget for 1995. IFAD's most direct contribution to combating desertification and the effects of drought is at the local level through the development and financing of programmes and projects that could serve as replicable responses to the causes and consequences of poverty and environmental degradation in dryland areas. Within the context of NAPs, assistance will be required for a large number of communities and groups in identifying their needs and in pursuing medium and long-term projects in a flexible manner. This will require that considerable local programming capacity and experience be accumulated through "local area programmes" such as those financed by IFAD's SPA and its Regular Programme.

30. In April 1995, IFAD's Executive Board approved a pilot *Technical Assistance Grant Programme for Assistance to African Countries in the Implementation of the Resolution on Urgent Action for Africa in the Interim Period.* In line with the Fund's overall thrust, this programme of grants is geared to facilitating the local-level dimension in national action programming during the interim period and drawing lessons for further expansion of this thrust.

31. In order to strengthen the overall thrust of the institution towards implementation of the Convention, IFAD has established an Inter-departmental Task Force for CCD implementation. The Task Force will seek to promote an optimal "match" between IFAD operations and the Convention. The Fund has also established capacity to undertake a series of thematic natural resource management studies of its portfolio of desertification-related projects and the development of modules to assist in the analysis and replication of successful approaches to development in marginal areas. In addition, recognizing the imperative of a conducive policy environment for participation of resource users in conservation and sustainable management of natural resources the Fund has launched a comprehensive programme of studies to examine pertinent policy and institutional issues at the national and local levels. To this end an International Advisory Committee consisting of major academic centres in the North and South, and NGOs, has been formed. The findings and recommendations arising from these studies are being disseminated through public awareness campaigns and Development Support Communication techniques at various levels, from legislative bodies down to the grassroots level. Examples include the Workshop on Land Degradation and Poverty conducted in the US Congress, the forthcoming Symposium for World Desertification Day and the IFAD/CCD International Symposium on the Importance of Participatory Local Development Programmes in the Implementation of CCD.

*IFAD's Resource Mobilization Capacity*

32. IFAD's primary task is the mobilization of additional resources to directly improve the production and income generation capacity of the rural poor, as well as helping to create the policy and institutional environment affecting the utilization of those resources, and the resources that the poor themselves bring to their economic activities. From the beginning of operations in 1978 up to 1994, the Fund's financing under both its Regular and Special Programmes has totalled USD 4 billion (representing 30.0% of project cost) for support to 396 projects costing a total of USD 14.1 billion. This has been matched by external cofinancing of USD 4.5 billion and by borrowing country contributions of USD 5.5 billion. This represents a wide-ranging coalition and the operational linkages that the Fund has developed with almost all international and regional banks as well about 25 bilateral donors from developed and developing countries. This coalition has enabled the Fund to develop a detailed knowledge of these agencies' *modus operandi* and lending requirements. Of major importance are the attempts which have been made towards harmonization of operations in a number of areas that are critical for smooth and effective co-financing, such as procurement and disbursement modalities, joint project design and appraisal and project evaluation. Besides a number of traditional Trust Funds, IFAD has also initiated and launched a number of strategic coalitions with various partners with the aim of mobilizing additional resources, focusing on specific development priorities. The notable examples that demonstrate the Fund's capacity in this regard are:

(a) IFAD's Special Programme for Sub-Saharan African Countries Affected By Drought and Desertification (described above). Under this programme, the Fund has mobilized USD 400 million additional resources from 25 donors (primarily from OECD countries). These resources have been utilized and committed in conjunction with USD 180 million external resources from co-financing and USD 120 million mobilized from borrowing countries and project beneficiaries. To implement this programme the donors contribution is received in form of cash or promissory notes into a special mechanism called Special Resources for Sub-Saharan Africa (SRS).

(b) Belgian Survival Fund for the Third World (BSF). This programme focusing initially on the Horn of Africa, has received USD 70 million grant financing from the Belgian Government during its first phase. Encouraging results of the evaluation by the donor country and the appreciation by the Belgian Parliament of programme performance have led to the allocation of an additional USD 60 million for a second phase beginning in 1995. The programme is being implemented through a collaborative programme between IFAD-WHO-UNICEF-UNDP and the Government of Belgium. IFAD as the Focal Point for the Programme ensures that the combined institutional experience and the expertise

of the participating agencies, including field representation of UNDP are galvanized towards the most effective utilization of the resources of the programme. Contribution to this programme is received into a 'Special Account' administered by IFAD.

33. Of significant importance to the GM would be the Fund's ability and potential to act as a catalyst for resource mobilization towards financing projects and programmes in arid, semi-arid and dry sub-humid zones in all developing regions, including economies in transition. Although IFAD does not follow a particular country or sectoral allocation, the weight of resources allocated within its lending programme to marginal lands will continue to be significant in the future.

*Capacity for Analysis of Resource Trends and Prospects*

34. In response to emerging challenges, in particular the recognition of its responsibility to continue with its effort towards mobilizing and channelling additional resources, the Fund has enhanced its institutional capacity for resource mobilization by the creation, in late 1994, of an Economic Policy and Resource Strategy Department specifically for articulating and implementing strategies for mobilizing additional resources for the benefit of the rural poor. This department is in the process of establishing capacity in data collection and analysis of resource availability and sources of finance. Through linkages with the Development Assistance Committee (DAC) of the OECD, World Bank, FAO, and UNDP the scope for data acquisition will be enhanced. The present programme of work of the department is focusing on Africa and more specifically on enhancing IFAD's capacity to build coalitions to assist its member states to combat desertification and adopt long-term strategies to mitigate the impact of drought.

35. Specific core processes of the newly created Department focus on resource mobilization dimensions as follows: (i) market intelligence; (ii) evaluation of major priorities and opportunities; (iii) elaboration of possible resource utilization strategies that match priorities and opportunities; (iv) data base and documentation on resource availability and sources; (v) network building; and (vi) provision of advice to constituencies. To assist this process the Fund is also pursuing a number of analytical studies. The following studies are of direct relevance to the GM: (i) Private Sector and Financing CCD: "A Shared Responsibility or a Corporate Philanthropy"; (ii) CCD Global Mechanism: Prospects for Cost Recovery in its Operation; (iii) Enhancing the Flow of Funds to the Local Level: Operational Considerations in National Action Programming.

*Strategic Coalitions with Other Institutions*

36. As a small institution with an explicitly catalytic role in resource mobilization, the Fund's modus operandi has been to act in partnership with other development institutions. This is particularly consistent with the thrust of the Convention and will be a mainstay of IFAD's efforts in its implementation. The Fund has a close working relationship with the World Bank in the context of a cooperative agreement adopted in 1978. Of particular relevance to the workings of the GM are the agreements with the Regional Development Banks. In 1994, the Fund established supplementary cooperation agreements with the Asian Development Bank and the Inter-American Development Bank focused on re-enforcing approaches to poverty alleviation based on IFAD's comparative advantage. A similar arrangement is being discussed with the African Development Bank.

37. Similarly, IFAD has a longstanding agreement with the Investment Centre of the Food and Agriculture Organization of the United Nations for the identification and formulation of investment projects in agriculture and rural development and for other advisory services. Moreover, IFAD and FAO already have close collaboration in assisting in the preparation of a number of National and Regional Action Programmes. An workshop organized jointly by FAO and IFAD with the participation of CCD Interim Secretariat explored the approach and modalities for combined action to assist to countries in this regard. The Fund is building on this relationship and extending it to other areas of collaboration. One example is the proposed IFAD/FAO cooperative programme that will make remote sensing and geographic information systems data and expertise available for IFAD-financed

projects. The Fund has joined forces with the other major UN agriculture and food agencies - FAO and WFP - to establish the Technical Panel on Drought Management for the World Conference on Natural Disaster Reduction, building on IFAD's pioneering work in drought vulnerability mapping and the strengthening of local and national drought-coping strategies.

38. The Fund is also at a very advanced stage of discussions with the World Bank on a framework agreement for collaboration in the Global Environment Facility (GEF) with a view to conclude the arrangement by mid-1995. The agreement would focus specifically on generating a pipeline of projects that address land degradation through community-based approaches in the context of GEF focal areas of concern.

*NGO Consultative Mechanisms and Linkages*

39. IFAD has formalized a consultative process with the NGO community whereby it holds an annual Forum in which NGOs from both the North and the South participating in discussing and reaching concrete conclusions on strengthening collaboration in the Fund's pipeline of programmes and projects. These meetings also discuss a particular theme each year, such as credit as a channel for poverty alleviation, participation for empowering the rural poor, and the role of NGOs in arresting land degradation and the reduction of poverty.

40. At field level, by the end of 1994, IFAD had cooperated with more than 110 NGOs. Indeed, NGO participation in the Fund's project activities has significantly accelerated over the past five years. Of the NGOs cooperating with IFAD, approximately 49% are working in Sub-Saharan African countries, compared with 28% in Latin America and the Caribbean, 19% in Asia and 4% in Near East and North Africa. In selecting the NGOs with which it cooperates, IFAD has made a major attempt to work with NGOs from the South. Consequently, two-thirds of the NGOs involved in IFAD's projects are Southern NGOs indigenous to IFAD project areas.

41. There are a number of sources and mechanisms through which funding is provided to NGOs cooperating with IFAD at the field level. In some cases, funding is provided within the context of project components financed both under the Regular Programme or the SPA. Some NGOs mobilize resources for their own activities, and limited amounts of grant funding have been provided by IFAD under its Special Operations Facility. In addition, a grants facility, known as the NGO Extended Cooperation Programme (ECP), was launched in 1988 to promote pilot activities which would lay the groundwork for future investments in rural poverty alleviation or in support of ongoing projects. By the end of 1994, 41 such grants, each not exceeding USD 75 000, had been committed under this programme. Of particular relevance to the CCD and GM are the recently approved grant to the SOS Sahel to review and analyse the Impact of Outmigration on Workload of Rural Women and its Implication for Resource Conservation; a grant to the World Resources Institute (WRI) to promote NGO capacity in policy dialogue in CCD implementation; a grant to the Canadian Hunger Foundation to examine the feasibility of a network on drought mitigation; and a grant to the Centre for our Common Future for the preparation of a simplified version of CCD.

*Technical Assistance Grants Programme (including grants for Research and Technology Transfer)*

42. While the bulk of IFAD resources are provided on highly concessional, concessional and ordinary terms to developing countries, the Fund also has an active programme of technical assistance in the form of grants for research into technologies for resource-poor farmers. Since IFAD's inception, the Technical Assistance Grant (TAG) Programme has provided USD 135 million for agricultural research and related activities of technology transfer, institution building and training. While the Fund's contribution in magnitude terms may be considered relatively modest in terms of overall resource flows, it has been able to pioneer and catalyse much needed research on neglected traditional crop and livestock farming systems, especially in risk-prone environments, and addressing poor farmer constraints. Examples include research into agroforestry in the Sahel, alley

farming in Sub-Saharan Africa, and Date Palm and Camel Networks in the Near East and North Africa. The Fund has also been at the forefront in promoting synergies between International Agricultural Research Centres and National Agricultural Research systems, while seeking to reorient research to smallholder concerns and rural poverty issues.

43. The Fund has recently increased its ceiling for TAGs from 5% to 7.0% of annual effective lending operations, or about USD 30 million. This includes resources for assistance to countries in programme formulation, including specific allocations for the environmental dimensions of investment preparation. A recent strategy paper for Technical Assistance Grants is recommending that between 30-40% of this be devoted to desertification related activities for the next five years. The Fund has already established a TAG Programme for Assistance to African Countries in the Implementation of the Convention to Combat Desertification in the Interim Period. The TAG programme, which is being pilot tested at a level of USD 1.15 million during the Interim Period, is conceived to allow IFAD to have the flexibility to meet the needs of affected countries for varying types of assistance geared towards maintaining the focus of NAPs on resource users at the local level. It is also intended to accelerate learning on how best to do so.

## VI. CONCLUDING REMARKS

44. In Part V, an outline was presented of IFAD's comparative advantage as an IFI whose mandate and operational orientation are in harmony with the provisions of CCD and which has capacity directly relevant to the major functions expected from the GM. In brief, the following attributes are of specific relevance to the GM:

(a) IFAD has expertise and knowledge in financing projects and programme directed at ensuring maximum flow of resources to local populations. The expertise in development finance includes programme design, appraisal and evaluation.

(b) IFAD has a track record in mobilizing significant resources including for technology transfer, in addition to its own resources through various modalities including acting as a catalyst through arranging cofinancing, and establishing innovative mechanisms such as SRS for the implementation of its SPA and BSF/JP Special Account for implementation of a joint programme with three other UN Agencies.

(c) The future programme of assistance of IFAD, including grant resources to be allocated for technology transfer and capacity building, has a major emphasis on combating drought and desertification, thus ensuring a significant catalytic role for IFAD in future for those areas which are perceived as priorities within the framework of CCD.

(d) IFAD has the institutional capacity to undertake the analysis of resource availability and flows. This capacity has recently been strengthened as a core business process of the institution.

(e) IFAD has a broad base of collaboration agreements in operation with almost all IFIs and the Regional Development Banks, as well as FAO and WFP. It has strong operational linkages with NGOs and is developing collaboration with the private sector.

(f) IFAD is actively supporting activities relevant to the implementation of CCD in the Interim Period, including assisting the preparation of NAPs and regional action programmes. It has also initiated preparatory studies relevant to the eventual operation of the GM.

45. In examining its capacity, the Fund has come to the conclusion that it would be able to host the Global Mechanism through a coalition with other Institutions whose technical expertise, organizational structure and scope of work, are also consistent with the objectives of CCD. Within this context, IFAD

has initiated a dialogue with some institutions, including NGOs, to explore a possible configuration for such a coalition. More specifically, such a coalition should enable the Fund to complement its present capacity with a more comprehensive database on sources and pattern of funds, and the direction in which these funds are being utilized towards the implementation of Convention.

46. The Fund is willing to contribute further towards preparatory activities in the Interim Period, including the articulation of the structure of GM and the modality of its operations, the relationship between the COP and the host institution, as well as options for covering the administrative costs of the GM during an initial period before the mechanism reaches the stage of maturity. IFAD's willingness to devote its human and financial resources to this exercise naturally would be contingent on:

(a) a vision, shared by all parties, of the GM as an effective vehicle in resource mobilization and an articulation of its tasks and those of its host; and

(b) endorsement by IFAD's Executive Board of the Fund's involvement in this exercise.

Letter from Mr. James Gustave Speth, Administrator, UNDP and attachment

12 May 1995

Dear Ambassador Kjellen,

Further to my letter of 24 February 1995 communicating to you UNDP's interest in hosting the Global Mechanism of the UN Convention to Combat Desertification, I am pleased to transmit to you a detailed statement of our capability in this regard (see attached note).

The note treats four inter-related aspects. Firstly, it reviews the main functions of the Global Mechanism, based on Article 21 and other relevant provisions of the Convention. This is followed by a summary of UNDP's main capacities and strengths, both in terms of overall support to the Convention implementation process, as well as, with respect to the specific functions of the Global Mechanism. The note also treats the proposed organizational arrangements within UNDP and its support for hosting the mechanism, when so requested by the Conference of the Parties. Finally, the note outlines our intention to work with other agencies, particularly UNEP, but with other concerned agencies as well, if called upon to host the mechanism.

I would like to reiterate UNDP's commitment and support to the Convention's implementation in whatever way we can best do so, and I look forward to continuing collaboration with you, the committee and the secretariat to this end.

My best regards,

Yours sincerely,

James Gustave Speth

**HOSTING THE GLOBAL MECHANISM OF
THE UN CONVENTION
TO COMBAT DESERTIFICATION**

**A UNDP CAPACITY STATEMENT SUBMITTED TO THE CHAIRMAN OF INCD**

THE CONTEXT

The UN Convention to Combat Desertification provides for the establishment of a Global Mechanism (GM), under the authority of the Conference of the Parties (COP), for the purpose of supporting actions to mobilize and channel financial resources. According to the Convention's provisions, the COP and the organization identified to host the GM, shall agree on the modalities for the mechanism and the arrangements to support its administrative operations (Article 21 para. 5).

This note is in response to a request by the Chairman of the INCD inviting UNDP (and other agencies: UNEP, IFAD, World Bank, the secretariat of GEF) to express interest in hosting the GM. It is divided into four parts. The key roles of the GM based on relevant provisions of the Convention, are reviewed in section A. UNDP's capacities and strengths for hosting the GM are presented in section B. Section C gives preliminary indications of the support UNDP would provide, and the administrative and organizational arrangements it would put in place, for hosting the GM. The key partner agencies with which UNDP would be collaborating, if asked to host the GM, are identified in section D.

A. THE ROLES OF THE GLOBAL MECHANISM

The overall purpose of the GM, as stated in Article 21 (para. 4), is "...to *increase the effectiveness and efficiency of existing financial mechanisms..[and]..to promote actions leading to the mobilization and channelling of substantial financial resources, including for the transfer of technology, on grant basis, and/or on concessional or other terms to affected developing countries...*".

Based on Article 21 and other relevant provisions of the Convention, the role of the GM may be grouped under three broad categories:

1. *Information collection and management:* The GM would gather information on sources of financial assistance, funds and funding patterns for desertification related work in order to provide advice to governments, NGOs and other interested parties. This will entail:

- identifying and drawing up an inventory of relevant bilateral and multi-lateral cooperation programmes, relevant sources at national level in affected countries and other sources such as foundations, private sector and NGOs;
- analyzing the effectiveness and adequacy of the assistance provided;
- synthesizing and disseminating the information collected to interested parties.

2. *Promotional/Advocacy role:* The GM would promote actions leading to the mobilization of financial resources, particularly multi-source funding as defined in Article 20. Actions that might be undertaken in this respect could include:

- providing information and proposals/ideas on innovative resource mobilization strategies to governments and NGOs, including advice on setting up national desertification funds and other mechanisms for channelling resources efficiently to the local level;

- promoting the design of grassroots-oriented programmes and projects to combat desertification that reflect the new paradigm advocated by the Convention, in order to ensure maximum impact of actions, as well as supporting resource mobilization efforts;

- promoting/facilitating funding arrangements and flexible modalities for implementation of the Convention;

- identifying, documenting and publicizing successful local efforts in combating desertification.

3. *Advisory/Facilitative role:* This would entail the following actions:

- facilitating/organizing dialogues between affected developing and developed country parties at national and other levels on the financing of anti-desertification activities;

- identifying opportunities for, and providing information and advice on, technology transfer and in so doing, facilitate arrangements for the financing of the transfer of technology on grant and/or concessional basis;

- facilitating the improvement of the coordination of cooperation activities at national and sub-regional levels, as set out in Article 14 through provision of timely information on funding sources and funding patterns.

B. UNDP CAPACITY AND STRENGTHS FOR HOSTING THE GLOBAL MECHANISM AND SUPPORTING THE CONVENTION TO COMBAT DESERTIFICATION.

I. *UNDP strengths and capacities in the overall context of supporting the Convention's implementation*

UNDP has many capabilities and strengths it can bring to support efforts to implement the UN Convention to Combat Desertification. These include the following:

i) There is significant *convergence between the Convention's goals and the development role of UNDP.* The objective of the Convention as stated in Article 2, is an integral part of UNDP's emphasis on Sustainable Human Development (SHD). UNDP is in a unique position to help catalyse implementation of the Convention because of the multi-sectoral and multifaceted approach required for combating desertification.

ii) UNDP has a *well established and substantial operational capacity.* The salient features of this capacity are:

- the network of 131 country offices helping governments implement Sustainable Human Development (SHD) at the national level and through sub-regional and regional programmes;

- environmental focal points in the country offices, now strengthened by the addition of 41 specially trained sustainable development advisers;

- an electronic mail network linking these offices world-wide, facilitating rapid communication and data transfer.

iii) A series of headquarters-based programmes in support of SHD in general, and on issues the Convention is seeking to address complement UNDP's country operations. Among these are:

- the consolidation within a new division of Sustainable Environment and Energy (SEED) of several units/programmes (GEF,

UNSO, Energy & Atmosphere Programme-dealing with the Montreal Protocol, the Natural Resources Management Unit and Capacity 21), providing UNDP with a powerful tool to deal with issues of the environment in an integrated way;

- programmes focused on down-stream concerns as exemplified by the activities of UNCDF (the UN Capital Development Fund) and Africa 2000 on grassroots and community based approaches, issues of central concern to the Convention;

- other relevant experiences such as on TCDC (Technical Cooperation among Developing Countries), Private Sector Programme and the SDN (Sustainable Development network).

iv) UNSO, with a *substantive and enhanced technical capacity*, a new structure and working arrangements, is spearheading UNDP actions to support anti-desertification actions world-wide. This new thrust is in line with Chapter 38 of Agenda 21 (para. 38.27) which urged that UNSO's experience should be extended to all other countries affected by drought and desertification. This experience and expertise built over two decades (1974-1994), and working through a Joint Venture mechanism with UNEP, includes:

- expertise in the design of programmes and projects to support the efforts of countries to combat desertification;

- resource mobilization experience: UNSO has mobilized directly, more than $300 million, and indirectly through parallel funding, cost sharing, etc, two fold this amount, to support anti-desertification activities in 23 African countries;

- a lead role in the evolution of new approaches and strategies to combat desertification;

- dissemination of information and experiences on desertification control through technical publications and other means.

v) Other important additional considerations include the following:

- UNDP has been assigned the key roles of acting as the *lead agency under Agenda 21 in organizing the UN system actions in capacity building*, including mobilizing resources for that purpose, assisting countries in establishing and/or strengthening of coordination mechanisms and in coordinating the mobilization of domestic resources (Agenda 21, Chapter 38 para. 38.24).

- UNDP as *one of the three implementing agencies for the newly re-structured GEF* has helped governments, during the pilot phase, in the preparation of projects leading to the mobilization of $278 million out of a first tranche total of $733 million. It also administers the GEF small grants programme. UNDP formulated the only two projects focused on desertification control (Sudan and Benin) financed through GEF during the pilot phase. UNDP actively participated in the development of a "scoping paper" on how anti-desertification activities could be linked to the four areas of GEF, approved by the GEF Council in February 1995. This is an important first step in helping countries mobilize resources through GEF, as specified under the Convention (Article 20 para. 2b).

II. *UNDP capacities and strengths in relation to specific functions of the Global Mechanism*

In addition to being an operational and field oriented organization, UNDP would bring to bear many capacities and strengths to support the specific functions of the Global Mechanism, such as:

i) With respect to the *information collection and management functions of the GM*, UNDP offers several advantages and strengths. The organization has sound experience in the collection and management of information for development purposes, including field-gathered data on financial resources and other pertinent information. Important assets in this regard are:

- the *Development Cooperation Automated System (DCAS)*, a computerized facility set up in all UNDP country offices. The system is a purpose-oriented tool whose objective is to provide aid information for the development community. The data is used for many purposes: the annual Development Cooperation Report (DCR) on individual programme countries, as well as for inputs for aid mobilization and coordination meetings such as Round Tables and Consultative Groups, sector-specific studies, and for programming and evaluations. The DCAS provides information on explicit linkages between external assistance and national development efforts, thus facilitating aid coordination and meeting the demand for information on the types and sources of aid flows, both at the country level and at the project level. In all affected developing countries, the UNDP country offices are in the process of integrating desertification as a theme in the DCAS. Once this is accomplished by end 1995, there will be a computerized data base on both ongoing development assistance for desertification control, as well as a forecast of planned assistance. This will be available on a country basis, as well as on regional and global bases;

- A global data base, the *Socio-Economic Monetary And Resource Tables* (SMART profiles) published by UNDP since 1985, provides additional information on official development financial commitments and related data by sector at national level, covering both DAC and developing countries;

- The *Human Development Report* series provides important information on the impact on human welfare of resources committed to development. This type of information is important for the assessment of the impacts of the actions and measures countries will be undertaking to implement the Convention. The Human Development Index (HDI) can be computed to take into account regional and local differences within countries which will allow incorporation of data and subsequent analysis of specific areas within countries affected by desertification;

UNDP's image as an "honest broker" due to its neutrality is a key asset facilitating ready access to information.

ii) UNDP, as the main multi-lateral grant funding organization of the UN, has extensive experience in mobilizing and channelling resources to support development activities. Thus, UNDP is uniquely suitable for supporting the *promotional and advocacy roles of the GM* based on the following experiences and strengths:

- *experience in resource mobilization*, including a proven capability in the design, negotiation and management of various funding modalities such as cost-sharing, parallel funding arrangements, Trust Fund mechanisms and Management Services Agreements (MSA) to leverage additional resources, as well as, collaborative arrangements with other agencies and bodies;

- chairmanship of the *Inter-agency Planning Group on Environmental Funds (IPG)*, a unique forum which brings together multilateral and bilateral aid agencies, private philanthropic foundations, major international NGOs, and others. The IPG is also promoting dialogue with DAC members of the OECD on environmental funds. This framework coordinated by UNDP provides a unique opportunity and experience to support the efforts of affected countries to establish as appropriate, National Desertification Funds, as specified under article 21 of the Convention. UNSO, within the context of the IPG, will be providing technical support to countries wishing to establish such funds;

- UNSO, in the context of the Convention's negotiation process has developed ideas on innovative resource mobilization strategies. This work is continuing and offers the GM a platform to build upon.

iii) Regarding the *GM advisory and facilitative functions*, with a view to strengthening coordination, the following UNDP experiences and capacities are important:

- through the *Resident Coordinator* function, UNDP is the within-country focal point for UN activities, playing a key role in development policy coordination and dialogue with expertise and experience in development planning through the Round Table process and National Technical Cooperation Assessment Programmes. This experience could be used to support in-country coordination efforts, by the parties to the Convention, to facilitate the NAP process;

- the UN Secretary-General has requested the Administrator to assist him in ensuring policy coherence and enhancing coordination within the UN itself, in particular among Headquarters Departments, the Regional Economic Commissions and the Funds and Programmes of the Organization. In addition, he has entrusted the Administrator with overall responsibility in assisting him in important system-wide coordination of operational activities for development, including the strengthening of the Resident coordinator system. This decision strengthens UNDP's ability to promote the integration of desertification control strategies within the more general development context;

- UNDP, through its regional bureaux, has good working relationships with regional commissions, development banks and organizations. With respect to Africa, UNDP has a long tradition of close collaboration and support for the activities of sub-regional organizations such as CILSS, IGADD and SADC. These play an important role in providing synergy of actions;

- UNSO, within UNDP, has since 1991 annually brought together the multi-lateral organizations (World Bank, UNEP, FAO, IFAD, IUCN, AFDB) most concerned with supporting strategic framework processes (NEAPs, NCS, NPACD, etc) in an effort to improve coordination of interventions through the exchange of experiences and information. This platform offers a possibility of providing a good framework to ensure a more harmonized support, including financial and technical support, of the main multi-lateral organizations to the NAP process.

C. PROPOSED ARRANGEMENTS WITHIN UNDP FOR HOSTING THE GLOBAL MECHANISM

*Organizational arrangements*

I. UNDP has the flexibility and depth to support the Global Mechanism in many different ways, including collaborative mechanisms where the organization would share responsibility with other entities. Formal agreements between the COP and UNDP could be fairly direct, within the broader rules and regulations of the organization. With more than 40 years of service to the international community, UNDP has many precedents to draw upon and the flexibility to tailor an agreement to meet the specific needs of the COP.

II. The GM would need a clearly identifiable status of its own and this would be a specific condition of any agreement entered by UNDP and the COP. Within UNDP, the GM would therefore be operating under the direct authority of the Administrator and reporting to the COP, and substantively linked to SEED, UNSO, relevant headquarters units, regional bureaux and country offices.

*Administrative support*

It is expected that the operating costs of the GM would be determined by the COP. Nonetheless, UNDP is committed to providing additional/complementary support such as:

- contribute a portion of the time of a number of staff already working in areas directly related to the Convention;

- services of the UNDP country offices, including the electronic communication system;

- any other contribution that may be determined and/or authorized by the UNDP Executive Board, taking into account the situation of UNDP resources in general in the future.

D. COLLABORATION AND PARTNERSHIPS WITH OTHER AGENCIES TO SUPPORT THE GLOBAL MECHANISM AND THE CONVENTION'S IMPLEMENTATION.

I. In the spirit of Agenda 21 (para. 38.27) and in line with their special partnership, UNDP intends, if requested to host the global mechanism, to closely associate UNEP.

II. In hosting the GM, UNDP will also make special collaborative arrangements to draw upon the competence of IFAD and FAO. Arrangements will also be made with other most concerned organizations such as World Bank, WMO, UNESCO, etc.

III. In view of the important role of the secretariat of the Convention for servicing the COP, special working arrangements will also be developed and maintained with this entity.

Letter from Ms. Elizabeth Dowdeswell, Executive Director, UNEP

24 May 1995

Dear Ambassador Kjellen,

We greatly appreciate your invitation to make a statement on the interest and capacity of UNEP to host the Global Mechanism as described in Article 21 of the Convention to Combat Desertification.

UNEP has considerable experience in this area and is increasingly active in exploring innovative financial mechanisms, but there is much more that needs to be done.

I believe the work on financing that we are doing, coupled with our fresh approach on the desertification issue, and our experience, places us in a very favourable position to assist in the implementation of the Convention.

After careful reflection, however, and especially in the light of the current Governing Council deliberations, I do not believe that hosting this Global Mechanism is the most appropriate role for us in the support of the Convention and the Conference of the Parties.

I feel that although we have been charged with a similar role in the past on behalf of the UN Plan of Action, our modest attainments in this respect are insufficient for what is required in support of the Convention to Combat Desertification at this time of much greater difficulty.

As you know we are absolutely committed to the support of this Convention and are doing everything we can within our resources and capability to further this process. We have been reviewing our progress and we are planning to focus much more intently on the awareness raising aspects of this issue and on emphasising the social and economic dimensions which have been under-appreciated in the past. We are focusing now on how to get things done, as well as on analyzing the issue.

We have recently reinforced our partnership with UNDP to help support the convention and its implementation. We are very open to working with others and sharing our expertise, experience and energy in the pursuit of our shared objectives.

We greatly appreciate your inviting us to support the proposed Global Mechanisms and will do everything we can to help you in your search for a strong supporting organisation that will be able to provide the strength and effectiveness that is required to mobilize major sources of funds for implementing the convention to combatting desertification.

Despite the cut backs we face, which have also played a role in this decision, I still feel that we have a strong contribution to make and I look forward to providing continued cooperation and support to the implementation of the Convention.

I should be very happy to discuss with you further the continuation of our close collaboration on this important issue that affects so many of the world's poorest people, especially women and children.

Yours sincerely,

Elizabeth Dowdeswell
Executive-Director

Letter from Mr. Andrew D. Steer, Director, Environment Department, World Bank

5 July 1995

Dear Ambassador Kjellen,

I understand that we did not respond officially to your earlier inquiry concerning the interest and capacity of the World Bank in hosting the Global Mechanism for the Desertification Convention. Please accept my apologies for this delay.

For the World Bank to assume such a role, it would of course have to be guided by its Executive Directors representing the member states. Should the signatories to the Desertification Convention request the World Bank to host the Global Mechanism, the Bank's management and Executive Board would certainly consider how we could be of service in the matter -- and we believe that the Bank would have good capacity to fulfill the task well. However, we would not actively seek this role, and we believe that some of the other agencies within the UN family may have greater comparative advantage in this area. Indeed, we believe that some of the agencies that have already indicated interest in hosting the Global Mechanism are well qualified for the task. I would in particular refer to the strong commitment indicated by the UNDP's Administrator in his address to the INCD, during which he mentioned the new coalition between UNSO, UNDP and UNEP as a possible home for the Secretariat and the Global Mechanism.

In closing, let me congratulate you and the Secretariat for the remarkable progress that you have made in bringing the Convention to a point of action. Let me assure you of the World Bank's wholehearted support in this vital task. We have had several meetings with Mr. Hama Arba Diallo and Ambassador Bob Ryan with the purpose of identifying how we can support the implementation of the Convention, and we look forward to continued strong partnership in this area.

With best wishes.

Sincerely,

Andrew D. Steer
Director
Environment Department